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CNN'S "STATE OF THE UNION"

MAY 19, 2013

SPEAKERS: CANDY CROWLEY, HOST

DAN PFEIFFER, SR. ADVISER TO THE PRESIDENT

SEN. RAND PAUL, R-KY.

[*] CROWLEY: The worst week of his presidency or not?

(BEGIN VIDEO CLIP)

CROWLEY (voice-over): Today, new poll numbers indicate, so far, the president is withstanding the storm. His approval rating is holding at 53 percent. Reaction and White House strategy going forward from Obama's senior advisor, Dan Pfeiffer.

Then, Republicans erupt.

UNIDENTIFIED MALE: Unconscionable, unbelievable, and Nixonian.

UNIDENTIFIED MALE: Echoes (ph) of Watergate.

UNIDENTIFIED MALE: Outrageous abuse of power.

UNIDENTIFIED MALE: Illegal.

UNIDENTIFIED MALE: Is this still America?

CROWLEY: The GOP is at full throttle, and polls show public support for what they're doing. Sen. Rand Paul joins us.

And our panel weighs in on the president's perils and his polls. Republican strategist, Ana Navarro, Democratic strategist, Donna Brazile, CNN's chief White House correspondent, Jessica Yellin, and "USA Today" bureau chief, Susan Paige.

I'm Candy Crowley, and this is STATE OF THE UNION.

(END VIDEO CLIP)

CROWLEY (on-camera): So, we want to bring you some new poll numbers CNN has, the first we have taken since these three controversies erupted and rained literally on the White House. I'm going to talk to Dan Pfeiffer in a moment, but I want to set the scene politically through these polls with Jessica Yellin. I have to believe having looked at them, the White House is probably pleased.

JESSICA YELLIN, CNN CHIEF WHITE HOUSE CORRESPONDENT: I think you are right this morning, Candy, because it is good news for the president. According to our new CNN/ORC poll, 53 percent of Americans approve of the job President Obama is doing. Now, that poll was taken after this tough week. So, it looks like the controversies have not eroded his support among the American people.

CROWLEY: Is there anything inside the poll that says why not? Because I think the conventional wisdom was going into it that he'd been hurt.

YELLIN: Absolutely. The numbers do tell a story. For one thing, his approval is largely unchanged from the 51 percent we found in our last poll that was in early April and up from his low of 47 percent in mid-March. So, a couple of points here, one, he's seen as out there responding to these controversies especially the IRS. Quickly, he's showing outrage continuing with his job.

And remember, President Clinton maintained an approval above 50 percent throughout the Monica Lewinsky scandal. There is a partisan divide in these numbers, showing Republicans are very critical, Democrats very

supportive, independents divided. So, people are still reflecting what we saw before the controversies.

CROWLEY: That's kind of unsurprising that Republicans would be more upset about it. So, we've had a little more than a week of the news about the IRS, specifically, when asked about the IRS, what does this poll show about the president's handling of it?

YELLIN: The big question we asked first was, do people believe what the president said about the controversy? And we found most do. More than six in ten say what President Obama said about the matter has been completely or mostly true. And a majority, 55 percent say the IRS acted on its own with 37 percent saying senior White House officials ordered the IRS to target the Tea Party and other conservative groups for extra scrutiny. Again, that's good news for the White House.

CROWLEY: So, how's the president fared when it comes to Benghazi, because that's obviously been on his plate for much longer time.

YELLIN: Yes. And this is a much more divided picture for the White House. On that controversy -- and that again is over last September's attack in Benghazi which left the U.S. ambassador and three other Americans dead, 42 percent are satisfied with the way the Obama administration handled the situation. Now, that's not a great number, but it's also basically unchanged from last year.

And it's the same story on the controversy that flared up afterwards. Nearly six in ten say the GOP is reacting appropriately with less than four in ten saying, well, they're overreacting.

CROWLEY: So, that's, in fact, was kind of my next question which is we spent the whole week, we heard the "I" word, you know, impeachment.

YELLIN: Yes.

CROWLEY: There are a lot of folks that even Republicans who, I'm sure, said to you as well and to me, we need to be careful. In fact, they were -- Republicans were warned to kind of dial back and stick to the facts. But the public, you say, is supportive of where Republicans are so far.

YELLIN: The public is good with where Republicans are, because for the Republican Party, there has been fear that some members will overplay their hand on these controversies. Well, our poll indicates right now that's not the case. Fifty-four percent of those questions say Congressional Republicans are reacting appropriately on the IRS scandal and the same on the Benghazi controversy.

Nearly six in ten say the GOP is reacting appropriately. Fewer than four in ten say it is an overreaction. And the drumbeat by Congressional Republicans could be behind a rise in the number of Americans who think that the U.S. could have prevented the attack in Benghazi. Fifty-nine feel that way now. That's up 11 points from last November.

CROWLEY: Jess, this may be why Republicans are continuing the push with more hearings possible. They see the same polling we do, generally. One poll showed a majority of the people were outraged by Benghazi actually don't know where it is. So, there's a lot of room for education on this issue. But there's that reservoir of goodwill for President Obama.

I was asked earlier about his popularity. So, I'm sure his popularity is still high. It's job approval. So, going forward, he still has to keep those kind of high approval ratings of his job approval in order to get anything done.

YELLIN: It's all about how he continues to respond.

CROWLEY: Jessica, thank you.

I spoke with senior White House advisor, Dan Pfeiffer just a few moments ago, and we started with what the new poll numbers mean for the president.

(BEGIN VIDEOTAPE)

CROWLEY: Joining me now Dan Pfeiffer, senior advisor to the president. Thanks, Dan, for coming along.

PFEIFFER: Thank you, Candy. Thanks for having me.

CROWLEY: We have this poll numbers showing that the president has over 50 percent approval, which is always good, I think, for an administration despite a really tough week. Talk to me about the agenda now and what you think you can push forward with any strength on Capitol Hill.

PFEIFFER: Well, I think we're going to continue pushing forward with the president's agenda to help middle class families grow the economy, specifically, comprehensive immigration reform is continuing to move forward in the Senate. That's a really good sign. We're working with the public (ph) as to try to come up with a budget agreement.

So, we're going to keep pushing for (INAUDIBLE) in the agenda. And the question, I think, given events last week is, are Republicans going to continue to work with the president, look for opportunities for bipartisan preparation, or are they going to use this as a reason to not act at all?

CROWLEY: Or the question might be, does the president still have the sway?

PFEIFFER: Well, I think there's no question about that. I think the American people have great faith in the president. And, you know, we live in divided government. The question for Republicans is, are they going to work with the president? If they decide not to, as the Heritage Foundation called on them not to do this week, then we'll have problems. CROWLEY: Let me show you another thing out of the CNN/ORC poll, which asks how much confidence do you have in the people who run the government. Forty-three percent said a great deal or some, 56 percent said only a little, but when you say what's your confidence in the system? Fifty-six percent had a great deal of confidence in the system. So, this is about the people in the system.

PFEIFFER: Well, I think this is a long running tradition in sort of how Americans view government is they have great faith in our democracy as they should, because we have the greatest system in the world and it works. But government -- there is a healthy skepticism of government in this country. And where there are problems like there were in the IRS this week, we have to address them in order to build that confidence up.

CROWLEY: The skepticism tends to make governing harder, because when you want to do something, skepticism makes people go, no, I don't want to do that and that works against you.

PFEIFFER: Right. That's what we -- we have to make the case in our people. There's no -- this is all -- this is a challenge for all presidents that in order to make things -- to move forward, we're going to have to convince American people you're doing it in the right way.

CROWLEY: Answer me some of the unanswered questions for me this week, when did the president know that the IRS had been targeting Tea Party groups? When did that knowledge? When did someone say to him, Mr. President, you should know?

PFEIFFER: The timeline here is that a few weeks ago, the White House counsel's office was notified that --

CROWLEY: In April, late April.

PFEIFFER: Late April that there was an independent investigation into this by the inspector general of the IRS coming to a conclusion. The president learned about it when the report was leaked a few days before it was released. And here's the reason for that --

CROWLEY: So, the president had -- I'm not talking about the council's report, the IG report. I'm talking about the investigation itself. Mr. President, we found that there are some agents, however, it would have been said to him, we found there are some agents that targeted people's -- groups specifically with the names Tea Party or patriot. When did he know that piece of information?

PFEIFFER: When it came out in the news a week ago Friday, I think. And here's why. Because here's the cardinal rule when you know a situations like these, not for just for this White House but for all White Houses is you do not interfere in an independent investigation and you do not do anything to give off the appearance of interference in an independent investigation.

CROWLEY: But the treasury department knew.

PFEIFFER: As they should because they oversee the IRS.

CROWLEY: Sure. But you're in the middle of a campaign, and it does seem that -- I guess, it was Tim Geithner at the time was treasury secretary, but political ears would go, whoa. If this should come out, you know, this is something maybe the White House ought to know about that we seem to have, however, they were describing a the time a problem or whatever.

PFEIFFER: Well, the political sensitivity is exactly why no one got involved. And it's not just the treasury department who knew during the presidential campaign. Congressman Issa was informed during the presidential campaign, and he didn't say anything. And he talked the other day about why he didn't say anything, because

when you're dealing with a non-partisan entity like the IRS, you want to look -- to actually have an actual independent investigation before you make allegations.

So, the same reason no one in the administration talked about it is the same reason -- no one in the treasury department talked about it is the same reason that Congressman Issa didn't talk about it.

CROWLEY: The head of the IRS tax exempt division, a woman named, Lois Learner, didn't -- Congress the last time she was up there, though she knew at this point that the -- this was recently, that the IG report was coming out. Yet, several days later, they planted a question she was at an American Bar Association event of some sort, and so, she answered the question, and that's how the news came out.

Many in Congress say you did not tell the truth here. Do you agree with that? Should she have told Congress? And if she should have, the question might be why is she still in that job?

PFEIFFER: Well, look, I think that there's no question that the activity at root here was inappropriate and inexcusable as the president said. The new acting commissioner of the IRS who's a career public servant who served presidents of both parties is going to do a 30-day top down review to look at everything that happened and make sure that everyone who did anything wrong will be held accountable.

CROWLEY: So, you don't think on the face someone who didn't tell Congress something that, by the way, they've been asking about for a couple of years. They went to the IRS and said this is happening. So, she knew that there was this report coming out saying, yes, you know, mistakes were made, as we like to say in Washington. So, the president makes no judgment on whether it's a good idea to, you know, tell the American Bar Association but not the folks --

PFEIFFER: Well, as a general principle, we want to work closely with Congress. I think, in this case, I can't speak to the facts of what she knew or what she did. That's why we're going to have the acting commissioner to look at it. And accountability is not going to wait for 30 days. If they find that someone did something wrong, he's going to act immediately to take action.

CROWLEY: Let me ask and turn you to Benghazi. When Susan Rice went on this show and all the other shows on Sunday, was the president aware of the talking points that we have seen sort of emerge over the last six months?

PFEIFFER: Of the many things the president gets involved in, talking points for Sundays shows is not one of them. But what he was aware of was the consensus of the intelligence community at the time.

CROWLEY: So, he was aware -- was he aware at the back and forth between the state department and --

(CROSSTALK)

CROWLEY: None of that --

PFEIFFER: No, never -- no president would be involved in something like that.

CROWLEY: So, he did say in an interview in CBS which we later learned after the election, but a week and a half after Susan Rice was on, he did say he wasn't sure if it was a terrorist attack in a CBS interview.

PFEIFFER: No one was sure at that point. That's the point. That's why, as you look at the e-mails, the intelligence community --

CROWLEY: Well, no, the president --

(CROSSTALK)

CROWLEY: Libya, they were sure of it and the CIA seemed pretty sure of it.

PFEIFFER: Let's distinguish between two things. Was it an act of terror? Absolutely. And the president called it the day after in the Rose Garden. Was al Qaeda or al Qaeda affiliated extremists or an active terrorist group involve in a premeditated attack? No one knew that at the time and that's exactly why the talking points were written by the intelligence community, by the CIA as --

CROWLEY: So, why didn't the president just say, yes, it was a terrorist attack?

PFEIFFER: He already called it acts of terror. What we didn't know yet was whether it was a premeditated attack by a terrorist group or something that it come as a result of protest or the video that sparked outrage across the

Middle East that week.

CROWLEY: Finally, I have to turn to an issue that has come up. Sexual assault in the military. The president had a meeting with top military brass, said we have to stop this. We have people from Donald Rumsfeld up saying this is -- we can't have this, da-da-da, and nothing has happened. I want to play you something Tulsi Gabbard said to me last week, congressman from Hawaii.

(BEGIN VIDEO CLIP)

REP. TULSI GABBARD, (D) HAWAII: There's no excuses. It's not enough just to say this is not something we'll stand for. We'll hold these people accountable, unless, you're providing a system and a process to actually do that.

(END VIDEO CLIP)

CROWLEY: Both Tammy Duckworth who was also on the show and Tulsi Gabbard said we need to take this entire process out of the chain of command. Something at the moment your defense secretary is against. Where does the president stand on the idea of having military prosecutors be the place that women or men go when there's a -- when they have a sexual assault charge?

PFEIFFER: Well, there's no question that this is absolutely inexcusable conduct. The president has spoken. He convened the joint chiefs of staff and other military leaders and secretary of defense in the White House just on Thursday to express that this has to be resolved. So, we're going to look for a way, because it's clear --

CROWLEY: They've been told that for years.

PFEIFFER: And the lack of response and action here is completely unacceptable. Secretary of defense knows that. Joint chiefs know that. The president's communicated. So, what we have to do is find a way to address this in a better fashion that's been done, and the president instructed the secretary of defense to do that.

CROWLEY: And does the president support the idea or think it's feasible to take this issue out of the chain of command so a woman or a man who has a sexual assault charge doesn't have to go to their unit commander to report this?

PFEIFFER: Well, there's an array of -- a change like that something has to be done legislatively. It's a change to the military code of justice. There's an array of legislative solutions that are out there. We're going to look at every one to find a way that works best.

CROWLEY: OK. We'll get you back and get you to answer that later. Dan Pfeiffer, senior adviser to the president, thanks for joining us.

PFEIFFER: Thank you, Candy.

(END VIDEOTAPE)

CROWLEY: When we return, an investigation into the IRS targeting of conservative groups might not be enough for some members on Capitol Hill.

(BEGIN VIDEO CLIP)

SEN. RAND PAUL, (R) KENTUCKY: Someone needs to be held responsible. Someone needs to be imprisoned. Someone needs to be prosecuted.

(END VIDEO CLIP)

CROWLEY: Senator Rand Paul is next.

(COMMERCIAL BREAK)

CROWLEY: Joining me now, Senator Rand Paul, a Republican from Kentucky and in Kentucky today. Thank you so much, senator, for joining us. I want to bring to your attention --

PAUL: Good morning.

CROWLEY: -- a couple of inside other poll numbers. The first one had to do with the Benghazi attack. The question was, did the Obama administration try to intentionally mislead the public on the Benghazi attack? And 50 percent of Americans said no, the administration did not try to intentionally mislead on Benghazi.

On the subject of the IRS and the question was, did White House officials direct the IRS to concentrate on conservative political groups? Fifty-five percent said no, the White House did not order it. So, if you take those in combination, I want to ask you what your answer to those questions are. Number one, I know you do believe that the White House deliberately misled Americans on Benghazi. PAUL: Well, you know, I think what's more important than either whether I believe that or whether the polls show that is that somebody be held accountable.

And not so much for the talking points afterwards. I think there was some misdirection and some political nature to the talking points, but I think that's always missed the point that what's most important is someone made a decision to put an embassy and consulate in a war- torn country with no host country to guard that embassy or consulate, leaving the guarding and security up to a militia. That decision alone was a terrible and tragic error.

PAUL: And that's what needs to change.

The review board looked at Benghazi, but still, no one is saying what I keep saying over and over again, even now, I think the embassy in Tripoli should be under the guard of military command similar to what we do in Baghdad. We shouldn't treat Tripoli and Benghazi like Paris. We need to treat it more like Baghdad.

And that's an error of judgment that the president and the secretary of state made. And that comes into account not because we just want to blame them, but because we want to make sure this doesn't happen again.

CROWLEY: So, the president specifically asked in his Rose Garden appearance this week that Congress join him and give more money for precisely what you're talking about to go to some of these outposts that are dangerous and to increase the security around them. Are you on board?

PAUL: Yes. And in fact, in my budget, I increased marines, embassy guards, and security. And I think they should make those decisions, but they, I think, continue to make decisions that really aren't in our best interests. So, the president continues to find more money to send arms both to Egypt as well as Syria when maybe we should have more money spent on the defensive nature of being able to defend our embassies around the world.

CROWLEY: One of the things our poll showed is that most Americans think Republicans have every right and they approve of Republicans looking into these controversies, and yet, there's always the danger that this looks a lot more political than it does policy. And I want to turn you to your remarks in Iowa, which we all know that has a political overlay, where you said that you thought because of Benghazi, Hillary Clinton, former secretary of state, isn't qualified to be president.

She should be disqualified to be president. When you make remarks like that and you may make similar ones when you go to New Hampshire, another place with great political overlay, doesn't it undercut the idea that this is about policy?

PAUL: Well, I absolutely stick by them. You know, in Bill Clinton's administration, when Les Aspin did not provide security in Mogadishu, the famous Black Hawk Down, he was asked to resign and he left and admitted he made tragic errors.

CROWLEY: Sure, but nobody asked him --

(CROSSTALK)

PAUL: Excuse me?

CROWLEY: It isn't the calling for her to or saying, look, I don't think she's qualified to be president, it's that you did it in Iowa or New Hampshire which gives it a political patina, and I'm asking you if you think that's helpful?

PAUL: You know, I've done it in every state and every stop because I think it's pretty important that she accept blame for not providing security. She was asked repeatedly to provide security in Benghazi on several occasions including direct cables, and she says she never read the cables on security. I find that inexcusable and a dereliction of duty.

Whether it has political overtones or not, it really goes to the heart of who you are as secretary of state if you do not provide security for an embassy that's begging for it, that's absolutely a dereliction of duty and she should have resigned and accepted blame for it.

CROWLEY: So, moving on to the IRS problem at this moment, which is really sort of in its infancy, there will be lots more hearings coming up this week and probably after that. Everyone we've heard from, so far, at the IRS, and this includes interviews with folks at the Cincinnati building where this was alleged to have started.

They all say this is not political, that this was an attempt to kind of get a hold of this influx of applications for tax exempt status. Maybe you do, I don't know how that process works, but we do know that this one place processes 70,000 applications. Can you see in your mind's eye a way that this might not have been political, that this was a misguided stupid way to sort, but that they didn't intend it to be some kind of political attempt to harass the Tea Party?

PAUL: I would think if there's any chance that this was a mistake, the investigator general wouldn't be coming out and saying otherwise, and the IRS themselves wouldn't be admitting --

CROWLEY: Well, they say it's a mistake. The question is whether it's political.

PAUL: Well, I think we're going to have to see the memorandum. Apparently, there is a policy, and I think we're going to find that there's a written policy that says that we were targeting people who were opposed to the president. And when that comes forward, we need to know who wrote the policy and who approved the policy. I can't believe that one agent sort of started this, one rogue agent started this, because it seems to be too widespread. And, we do need to get to the bottom of this, but I think what the American people want is just like on Benghazi.

Why does Benghazi go on? No one was ever fired? So, people made tragic errors. No one's accepting responsibility and no one was fired. Same with the IRS, they're having some commissioners resign who were going to resign already, and people still saying what was their policy? Who wrote the policy, and now, there's rumors that who wrote the policy is the person running Obamacare, which doesn't give us a lot of confidence about Obamacare?

CROWLEY: Senator, I have to run. I'm way over on this, but I have to just go back to something you said. Are you telling me you think there's a memo somewhere in which someone said in the memo we're targeting people who are going after the president? Is that what I heard you say?

PAUL: Well, we keep hearing the reports and we have several specifically worded items saying who was being targeted. In fact, one of the bullet points says those who are critical of the president. So, I don't know if that comes from a policy, but that's what's being reported in the press.

CROWLEY: OK.

PAUL: And reported orally. I haven't seen a policy statement, but I think we need to see that.

CROWLEY: All right. Listen, thank you so much for joining us, Senator Rand Paul. We appreciate it.

PAUL: Sure.

CROWLEY: When we return, heavy rain, tornadoes and baseball- sized hail ravaged the Midwest. And, there's more on the way, next.

(COMMERCIAL BREAK)

CROWLEY: The Midwest is bracing for more wicked weather today. High winds, lightning, and rain ravaged Oklahoma City last night downing power lines and utility poles. While in Kansas, four separate tornadoes touched down in the central part of the state. It looks like it might be more of the same today. Alexandra Steele joins me from the CNN Weather Center. What's up and who needs to seek some place to hide?

ALEXANDRA STEELE, AMS METEOROLOGIST: Almost 20 million people, Candy. So, 14 reports of tornadoes yesterday. You mentioned a few of them. You can see thunderstorms firing off, although, nothing severe as of yet. No tornado watches or warnings yet this morning, but we will see them develop this afternoon and tonight.

Oklahoma City getting hit yesterday, today in the firing line as well. Large hail, baseball-sized hail, saw it yesterday, potential today as well, 70-mile-per-hour winds. Tornadoes likely, KC, Wichita, Tulsa, down toward Oklahoma City as well. Tomorrow, that threat moves eastward, Chicago, Kansas City, and Oklahoma City once again as we get in toward Monday. So, heads up in the upper plains and Northern Midwest today, Candy.

CROWLEY: Thanks, Alexandra. Yes. Kansas City and Oklahoma, heads up. STEELE: Yes.

CROWLEY: Up next here, the IRS controversy and its effect on elections both past and future.

(BEGIN VIDEO CLIP)

REP. DAVE CAMP, (R) CHMN, WAYS & MEANS CMTE: It seems like the truth is hidden from the American people

just long enough to make it through an election.

REP. SANDER LEVIN, (D) MICHIGAN: If this hearing becomes essentially a boot strap to continue the campaign of 2012 and to prepare for 2014, we will be making a very, very serious mistake.

(END VIDEO CLIP)

CROWLEY: Our panel, Donna Brazile, Jessica Yellin, Susan Page, and Ana Navarro is next.

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STEELE: Almost 20 million people, Candy. So 14 reports of tornadoes yesterday. You mentioned a few of them. You can see thunderstorms firing off, although nothing severe as of yet. No tornado watches or warnings yet this morning. But we will see them develop this afternoon and tonight. Oklahoma City getting hit yesterday. Today, in the firing line as well. Large hail, baseball size hail (inaudible) yesterday, potential today as well. 70 mile per hour winds. Tornadoes likely Casey (ph), Wichita, Tulsa, down toward Oklahoma City as well. Tomorrow, that threat moves eastward. Chicago, Kansas City and Oklahoma City. Once again, as we get toward Monday. So heads up in the upper plains and northern Midwest today, Candy.

CROWLEY: Thanks, Alexandra. Kansas City and Oklahoma, heads up.

STEELE: Yes.

CROWLEY: Up next here, the IRS controversy and its effect on elections both past and future.

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Our panel, Donna Brazile, Jessica Yellin, Susan Page and Ana Navarro is next

(COMMERCIAL BREAK) CROWLEY: With me now, Democratic strategist and CNN contributor Donna Brazile, "USA Today" bureau chief Susan Page, CNN chief White House correspondent Jessica Yellin is back with us. And Republican strategist and CNN contributor Ana Navarro.

UNIDENTIFIED FEMALE: Girl power.

CROWLEY: Ladies, welcome all. Unfortunately no one got color coded today. So I'm looking smart here. So be smart and tell me what surprised you in the polls?

SUSAN PAGE, "USA TODAY": The fact that president Obama's approval rating went up and not down in the wake of a very tough week I think that is surprising and it is a cautionary flag for Republicans who have been concerned about overreach and maybe a lesson for the White House which is trying with the president's travel and the message that he's portraying that he's focused on other issues, not on these scandals.

CROWLEY: I mean it is bound to be good news. We should say we sort of characterize it as about the same as last month, 51 to 53 or something.

JESSICA YELLIN, CNN CHIEF WHITE HOUSE CORRESPONDENT: But it didn't go down.

CROWLEY: What everyone thought it would do.

YELLIN: Given the outrage we all saw expressed, a couple points. One is that we also see in the poll numbers that the Americans do care about these issues and these controversies.

CROWLEY: Right. And let's put those up because we do have the, do you think it's a very important issue to the

nation, we asked about all three scandals. Interrupt for one second. Is this a very important issue to the nation, IRS, 55 percent said yes, Benghazi, 55 percent said yes, A.P., 53 percent said yes. So it's not as though it's not an important issue to folks, it's just they haven't made some judgment that somehow the president's mishandling things.

YELLIN: I think they like the way the president's reacting, they don't blame necessarily the president for what has happened to date especially in the IRS case. And there's a reservoir of good will for the president already that we have to see if he squanders it or if he acts well. So far his reaction has been strong, but we're at a crucial point for the White House and for Republicans.

DONNA BRAZILE, DEMOCRATIC STRATEGIST: Well, you know, the American people saw the president every day this week reacting to these controversies, trying to be intelligent about it, to tell them, look, we're on top of it. We're going to get to the bottom of it. He expresses outrage. He also expressed with regards to the IRS, he expressed his concern with regards to what was unfolding with the justice department probe, but more importantly the president kept his focus on jobs. He kept his focus on helping the middle class. So while there was a -- the country might have been engulfed in these controversies, there was a split screen. And people saw the president acting yet as if he cares about jobs and economy and budget and other things.

ANA NAVARRO, REPUBLICAN STRATEGIST: I got to tell you, I found those poll numbers surprising. I saw 53 percent approval rating and made me wonder if we didn't oversample Chicago -

(CROSSTALK)

(LAUGHTER)

CROWLEY: Republican, that's the issue, 15 percent of the Republicans give the president the benefit of the doubt.

BRAZILE: 15 percent, that's not.

CROWLEY: We'll take it.

NAVARRO: We'll divide the number.

CROWLEY: I want to throw those numbers up. This is broken down by party, do you approve of how the president is handing his job? Democrats 87 percent approve, independents 47 percent, Republicans 15 percent.

NAVARRO: And I think that's very indicative of where the country is. Right now, we are a polarized country, we are a divided country, even the independents are divided. That's when you know we are divided. You've got a Democrat (ph) -

(CROSSTALK)

CROWLEY: (INAUDIBLE) always divided.

NAVARRO: Well, they always lean something. Right now we have them at 47 percent, you've got them practically split down the middle.

CROWLEY: Well, they don't have to decide anything.

BRAZILE: Believe the president's acting on behalf of all Americans, not just Democrats.

PAGE: It's the Clinton White House. We're back to the 1990s where the president got into trouble, president Clinton did, and he survived it because the opposition overreached and looked like they were on a partisan warpath. And the White House after a tough start focused on issues that really matter to people like housing.

NAVARRO: Something we saw happen this week that I had not seen happen in this administration yet and it is we saw Democrats be very critical of President Obama, we saw Harry Reid be critical of President Obama. You lost Harry Reid, there goes the Alamo.

CROWLEY: They haven't lost Harry Reid. Sometimes I think it helps the president if he's got, you know - and Democrats don't want to be on the side of the IRS. NAVARRO: Maybe you're right. Maybe criticism from Harry Reid does help. That could be constructive for anybody.

BRAZILE: Jessica, I'm going to stop talking too much. I haven't gone to church, I haven't been praising the Lord yet, that's why I'm talking so much. But look the truth is that Democrats were outraged - Democrats are outraged by the IRS, Democrats were targeted not just conservative Republican tea party, one-third of them, but

many Democrats also feel that something happened and they want to find out what happened.

CROWLEY: I want to ask you really quickly about one poll number because we haven't talked about. This was the justice department collecting phone records of the associated press, what used to be the wire service, now it does everything everybody else does but -- and the question was, is it acceptable for the justice department to do this? 43 percent said yes, 52 percent said, no, it's not acceptable. I would love to have that number a little higher as a journalist, you know, but -- I mean has the president -- he sort of said, well, I was protecting the country.

YELLIN: There's two things on this. It is in fairness to them an awkward position for the president because it's -- the DOJ is conducting an investigation of the White House when they seized these records of the White House and the administration. So it's an awkward thing for the president to comment on. They're sort of investigating him and his people. That said - I mean it's outrageous what they've done. I'm not even going to be unbiased about it.

PAGE: If it fits into a general scheme which is it's a big government.

CROWLEY: Overreach.

PAGE: It can overreach, it can investigate your taxes, it can deny you tax exempt status, it will make it harder for the news media to do stories that you think are important to the country.

NAVARRO: I actually think both the AP scandal and IRS scandals are great uniters. You have the ACU and the ACLU coming out with the same thing (ph). You've got progressives on one side with civil libertarians on the other side united and worrying about this overreach.

BRAZILE: We have some (ph) security (ph) issues. The president is going to give a big speech this week at the national defense university, hopefully will shed a little bit more light on what is happening. Remember, the Republicans are requesting that the Obama administration investigate these leaks.

UNIDENTIFIED FEMALE: That's true.

BRAZILE: And that is one of the reasons why there's an investigation. Not a scandal, investigation.

CROWLEY: I need everybody to stay here because when we return we're going to talk about repealing the 20,000-page health care law, all seven feet of it.

(COMMERCIAL BREAK)

(BEGIN VIDEO CLIP)

CROWLEY: The House voted this week to repeal Obama Care. That marks the 37th time Republicans have tried to scrap all or parts of the president's signature first-term accomplishment.

REP. ANDY HARRIS (R), MARYLAND: This law's a train wreck. Just look at all this red tape. This week marked the third time in three years that the people's House has listened to the people and voted for full repeal of the health care law.

(END VIDEO CLIP)

CROWLEY: Polls show almost half the American public is still skeptical. And guess who's in charge of implementing many of the law's provisions when they go into effect in 2014? The IRS. The controversy's effect on implementing the 2014 health care law.

(COMMERCIAL BREAK)

CROWLEY: Welcome back. I want to talk a little bit about the controversy's effect on health care. We know that Republicans have been trying to at least erode it ever since it came into being, but now you do have the, do you really trust the IRS to run this program and enforce it by the way? How damaging do you think this is as the implementation of kind of rough parts of Obama Care come into play, the taxes and all that?

BRAZILE: It's a challenge to try to enroll so many people and these new exchanges that are being set up all across the country, 15 states, it's a challenge to --

CROWLEY: To only 15 states. States were told that they could get federal money for Medicaid if they would sign up for these exchanges.

BRAZILE: Right.

CROWLEY: And only 15 have.

BRAZILE: That's right. Admitted health care providers are now trying to figure out if they're going to go into these markets to try to recruit new people, basically the uninsured. This is a huge challenge for the administration to implement this law and to implement it well at a time the public is still divided over whether or not it's a good law at all.

CROWLEY: Right.

NAVARRO: I'm going to go off script here with my Republicans. I'm just going to say 37 times is a lot of times, guys. It might be - it might be now (ph) --

CROWLEY: It's going nowhere.

NAVARRO: Well that's the point. Because it's going nowhere. Because it's symbolic. We already got the symbolism. We know -- the lines are clearly drawn here. Republicans don't like it, Democrats do. I think this is going to be a case where we're going to have to let this be implement. There's even a lot of Democrats voicing concerns about what the implementation is going to mean and the pain that it's going to instill in America. So we're going to -- there's going to be huge consequences to the implementation of this bill. It's going to be very costly for some business, very burdensome, it's going to affect Democrats and Republicans, and there's going to be a lot of screaming in the country. And we're going to have to fix it. But, please, not a 38th time.

PAGE: I don't think the problem for Obama Care is the fact that it's part of the IRS -- the IRS is part of the enforcement. I think the problem is majority of the states are not setting up state exchanges and in almost half the states there's question about participating in the expansion of Medicaid. Those were the pillars that we're going to expand coverage to all Americans, the fundamental Obama promise of his presidency and I think that advocates are worried that it sets Obama Care up to fail in the states that are not participating.

NAVARRO: A lot of the business owners around the country right now are looking what it means for them. What the costs are going to be. There's a lot of people making the decision whether they're going to drop health insurance for their employees and just pay the fine because it's cheaper. So, there's going to be a lot of unintended consequences that are going to be painful.

YELLIN: The Republicans don't necessarily need to do another repeal vote. Part of the problem is, how does this get managed and the Obama administration and the states set up their exchanges?

CROWLEY: Time is wasting here. They need to have this done in -- by September, right? By the fall.

YELLIN: Yes and we don't even know -- they are not even sure how it's all going to roll out. It's never been done before.

CROWLEY: I want to quickly play you all just -- a back-to-back sound bites. One came Thursday in the Rose Garden as the president talked about the IRS and other, these other troubles that have come up. The other is Friday in Baltimore where he went to talk about jobs. I want to ask you about something on the other side.

(BEGIN VIDEO CLIP)

BARACK OBAMA, PRESIDENT OF THE UNITED STATES: It is just simply unacceptable for there to even be a hint of partisanship for ideology when it comes to the implication of our tax laws.

I know it often seems like folks down there are more concerned with their jobs than with yours. Others may get distracted by chasing every fleeting issue that passes by, but the middle class will always be my number one focus, period.

(END VIDEO CLIP)

CROWLEY: Sort of seem to be two different things. Rose Garden, this is terrible. Baltimore. (INAUDIBLE) fleeting issue but I'm all about jobs.

(CROSSTALK)

BRAZILE: Where you've got to at least tell the press and those who are paying attention here that, here, take all these issues very seriously. When you're outside the beltway, the president should get outside the beltway and get outside the bubble. You have to remind the American people...

(CROSSTALK)

... I'm on your side. I'm fighting for you. I know what concerns you.

NAVARRO: First of all I would like to offer a sincere apology to the poor international leader that was standing there in the Rose Garden next to the president because it was terrible the way we just bombarded with domestic issues and these scandals. I really get bothered by this tone that president Obama adopts quite frequently when he talks about Washington, their jobs, those people in Washington. Look he's not watching this from Mount Olympus. I hate to break it to him, after five years, he is Washington. He is part of the problem and he's got to be part of the solution and part of the management. He cannot keep -

(CROSSTALK)

YELLIN: It has worked for him.

CROWLEY: Yes.

YELLIN: It's a political posture that has worked for him. It's a strategy.

NAVARRO: You know I think he talks to how hands off he is. Frankly I find it -

(CROSSTALK)

YELLIN: I think there are a couple of things. I get your point and it's one of the reasons there is such a partisan divide reflects it. The president is doing what effective damage control so far and the polling shows it. He showed emotion this week. When you saw it in the Rose Garden I think that's part of the reason these poll numbers are high. People like it when he gets emotional, get outraged. Two, he went outside and showed he is still on his game talking to the American people. That's what Bill Clinton did during the Lewinsky ongoing crisis and his numbers stayed above 55 percent. And three, what is this and what isn't it? It hasn't shown to be a scandal that reaches into the White House on the IRS issue so far. And as long as that continues to be true, he's going to hold pretty solid.

CROWLEY: I have got to play you one quick thing before we go is we all know when presidents get in trouble, they pull (ph) in cavalry, the cavalry. And I wanted to play you something from Michelle Obama in a pretty amazing, pretty strong commencement speech at Bowie State.

(BEGIN VIDEO CLIP)

MICHELLE OBAMA, FIRST LADY OF THE UNITED STATES: As my husband has said, Austin, please, stand up and reject the slander that says a black child with a book is trying to act white. Reject that.

(END VIDEO CLIP)

CROWLEY: We have heard that Michelle Obama was going to play a more policy oriented role. I haven't seen a lot of that lately, but is this the time to roll out the first lady here?

BRAZILE: Well she is, by far, one of the most popular people not just in the administration but the country -- she is extremely (INAUDIBLE). So roll out.

NAVARRO: I think she's - I think she's a terrific (INAUDIBLE) she is the hugger in chief. Michelle Obama can hug. She can show emotion. I think she's a great force to have out there.

CROWLEY: Nodding heads.

YELLIN: And empowering young people. It's a fine position for her to take.

CROWLEY: Donna Brazile.

NAVARRO: I like the new bangs. The ones that are hanging on the side (ph).

CROWLEY: Donna Brazile, Jessica Yellin, Susan page, Ana Navarro, good-bye.

(LAUGHTER)

When we return, North Korea launches a missile. A prom 50 years in the making and someone in Florida is a big winner. The headlines are next.

(COMMERCIAL BREAK)

CROWLEY: Time now to get you up to speed on today's other headlines. North Korea fired a short-range missile

into the Sea of Japan today. According to a South Korean news agency this is their fourth missile launch in two days. A launch has come despite pleas from South Korea and the U.N. chief to halt them at time of high tensions.

Pakistani politicians, Zahra Shahid Hussain, was shot to death Saturday on the eve of a highly contested rerun election in her district. Her death comes after she made allegations about vote rigging in early balloting. Hussain was killed in what sources described as an execution-style attack.

50 years after their high school prom was canceled, members of the Birmingham, Alabama, class of 1963 finally had their big dance. Civil rights protests forced the cancellation school activities for students in Birmingham-area black high schools.

And someone in Zephyrhills, Florida, is waking up nearly \$600 million richer today. Lottery official say the single winning ticket was sold in a public supermarket in the Tampa suburb. Saturday's jackpot of \$590.5 million is the largest in Powerball history with a cash value of nearly \$377 million.

Thanks for watching STATE OF THE UNION. I'm Candy Crowley in Washington. Head to CNN.com/SOTU for analysis and extras. If you missed any part of today's show, find us on iTunes.

Fareed Zakaria, GPS, is next for our viewers here in the U.S.

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